

TOWNSHIP OF POWELL

ISHPEMING, MICHIGAN

FINANCIAL STATEMENTS

For the Year ended March 31, 2005

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Powell Township</b>	County <b>Marquette</b>
Audit Date <b>3/31/05</b>	Opinion Date <b>11/8/05</b>	Date Accountant Report Submitted to State: <b>11/10/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☒ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).	✓		
Single Audit Reports (ASLGU).	✓		

Certified Public Accountant (Firm Name) <b>Thomas R. Fleury, C.P.A.</b>			
Street Address <b>595 Washington Street</b>	City <b>Ishpeming</b>	State <b>MI</b>	ZIP <b>49849-0267</b>
Accountant Signature 		Date <b>11/10/05</b>	

## TABLE OF CONTENTS

	Page
Independent Auditor's Report . . . . .	3
Management's Discussion and Analysis (Unaudited) . . . . .	5-10
Statement of Net Assets . . . . .	11
Statement of Activities . . . . .	12
Governmental Funds - Balance Sheet . . . . .	13
Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Assets . . . . .	14
Governmental Funds - Statement of Revenues, Expenditures and Changes in Fund Balance . . . . .	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities . . . . .	16
Fiduciary Funds - Statement of Net Assets . . . . .	17
Notes to Financial Statements . . . . .	18-25

## REQUIRED SUPPLEMENTAL FINANCIAL INFORMATION

General Fund:	
Statement of Budgeted and Actual Revenues . . . . .	26
Statement of Budgeted and Actual Expenditures . . . . .	27-30
Special Revenue Funds:	
Balance Sheet . . . . .	31
Statement of Revenues, Expenditures, and Changes in Fund Balances . . . . .	32
Enterprise Fund Types:	
Combining Balance Sheet . . . . .	33
Combining Statement of Income, Expenses and Changes in Fund Balances . . . . .	34
Fiduciary Funds:	
Combining Statement of Assets and Liabilities . . . . .	35
Combining Statement of Changes in Assets and Liabilities . . . . .	36

## FEDERAL SINGLE AUDIT REPORTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards . . . . .	37
Schedule of Expenditures of Federal Awards . . . . .	38

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**INDEPENDENT AUDITOR'S REPORT**

November 8, 2005

The Honorable Supervisor and Members  
Township of Powell Board  
Marquette County, Michigan

I have audited the accompanying financial statements of the governmental activities, each major fund, and aggregate and the aggregate remaining fund information of the TOWNSHIP OF POWELL as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted by the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for an opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the TOWNSHIP OF POWELL as of March 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in the footnotes, the TOWNSHIP OF POWELL has implemented a new financial reporting model, as required by the provisions of GASB No. 34, Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments, as amended and interpreted as of March 31, 2005.

In accordance with Government Auditing Standards, I have also issued my report dated November 8, 2005, on my consideration of the Townships internal control over financial reporting and on my test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of my audit.

The budgetary comparison information on pages 18 through 21 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the TOWNSHIP OF POWELL's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of the TOWNSHIP OF TILDEN taken as a whole. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
Certified Public Accountant

## **TOWNSHIP OF POWELL**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Our discussion and analysis of the Township of Powell, Michigan's financial performance provides an overview of the Township's financial activities for the year ended March 31, 2005. Please read it in conjunction with the financial statements, which begin on page 11.

#### **FINANCIAL HIGHLIGHTS**

The Township's net assets were reported for the first time under GASB 34. As such, no comparisons with prior years will be made. In future years, comparative information will be presented in various schedules throughout the "Management's Discussion and Analysis".

Net assets for the Township as a whole decreased by \$44,269 which is about eight percent of the previous years net assets.

During the year, The Township had expenses for governmental activities in the amount of \$301,014 and revenues in the amount of \$256,745.

The General Fund reported a net fund balance of \$440,371. The net change in the General Fund balance was a decrease of \$42,963 which was \$39,555 less than projected.

#### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (pages 11 and 12) provide information about the activities of the Township as a whole and presents a longer term view of the Township's finances. Fund financial statements start on page 13. For governmental activities, these statements relate how these services were financed in the short term as well as what remains for future funding of these services. Fund financial statements also report the Township's operation in more detail than the government-wide statements by providing information about the Township's most significant funds. The remaining statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside the government.

#### **REPORTING THE TOWNSHIP AS A WHOLE**

My analysis of the Township as a whole begins on page 7. One of the most important questions asked about the Township's finances is, "Is the Township as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer that question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Township's net assets and changes in them. Over time, increases or decreases in the Township's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Township's population base and the condition of the Township's capital assets, to assess the overall financial health of the Township.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**

**REPORTING THE TOWNSHIP AS A WHOLE (Continued)**

In the Statement of Net Assets and the Statement of Activities, the Township has two types of activities:

Governmental Activities - Most of the Township's basic services are reported here, including the legislative, elections, public safety, public works, recreation and culture, community and economic development and general services and administration. Property taxes, charges for services and State sources fund most of these activities.

Business Type Activities - The Township charges a fee to customers to help it cover most of the cost of certain services it provides. The Township provides water services for Township residents and charges a fee to cover the costs of operations.

**REPORTING THE TOWNSHIP'S MOST SIGNIFICANT FUNDS**

My analysis of the Township's major funds begins on page 9. The fund financial statements begin on page 13 and provided detailed information on the most significant funds but not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using taxes, grants, and other money. The Township's two kinds of funds (Governmental and Proprietary) use different accounting methods.

Governmental Funds - Most of the Township's services are reported in governmental funds, which focuses on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed short term view of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. I describe the relationship (or differences) between governmental activities reported in the Statement of Net Assets and Statement of Activities and governmental funds in a reconciliation which follows the fund financial statements.

Proprietary Funds - When the Township charges customers for the services it provides, those services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are in the Statement of Net Assets and the Statement of Activities. In fact, the Township's enterprise funds (a component of proprietary funds) are the same as the business type activities I report in the governmental wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

**THE TOWNSHIP AS TRUSTEE**

The Township is the trustee, or fiduciary, for assets that, because of a trust arrangement can be used only for the trust beneficiaries. All of the fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 17. I have excluded these activities from the other financial statements because the Township cannot use these assets to finance its operations.

**THE TOWNSHIP AS A WHOLE**

Table I provides a summary of the Township's net assets at March 31, 2005.

	Governmental Activities	Proprietary Activities	Total Primary Government
Current and other assets	\$ 589,337	\$ 80,130	\$ 669,467
Non current assets	816,359	287,979	1,104,338
<b>Total Assets</b>	<b>\$ 1,405,696</b>	<b>\$ 368,109</b>	<b>\$ 1,773,805</b>
Current liabilities	\$ -	\$ 22,913	\$ 22,913
Non current liabilities	457,500	139,000	596,500
<b>Total Liabilities</b>	<b>\$ 457,500</b>	<b>\$ 161,913</b>	<b>\$ 619,413</b>
Net Assets:			
Invested in capital assets	\$ 358,859	\$ 148,979	\$ 507,838
Restricted	167,314	27,126	194,440
Unrestricted	422,023	30,091	452,114
<b>Total Net Assets</b>	<b>\$ 948,196</b>	<b>\$ 206,196</b>	<b>\$ 1,154,392</b>

Net assets of the Township's governmental activities stood at \$948,196. Unrestricted net assets - the part of net assets that could be used to finance day to day activities without constraints established by debt covenants, enabling legislation or other legal requirements stood at \$422,023.

The \$422,023 in unrestricted net assets, of governmental activities represents the accumulated results of all past years' operations. The operating results of the Federal Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operation for the Township as a whole are reported in the Statement of Activities (See Table 2), which shows the changes in net assets for the fiscal year ended March 31, 2005.



**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**

**Table 2 - Changes in Net Assets**

	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total Primary Government</b>
	-----	-----	-----
Revenues:			
Program Revenues:			
Charges for services	\$ 14,655	\$ 61,283	\$ 75,938
General Revenues:			
Property taxes	273,933	-	273,933
Intergovernmental	49,251	-	49,251
Other	57,011	8,479	65,490
	-----	-----	-----
<b>Total Revenues</b>	<b>\$ 394,850</b>	<b>\$ 69,762</b>	<b>\$ 464,612</b>
	-----	-----	-----
Program Expenses:			
Legislative	\$ 82,903	\$ -	\$ 82,903
Elections	5,657	-	5,657
General Services			
and Administration	67,245	-	67,245
Public Safety	60,153	-	60,153
Public Works	48,671	56,588	105,259
Community and			
Economic Development	8,755	-	8,755
Culture and Recreation	48,350	-	48,350
Other	7,087	-	7,087
	-----	-----	-----
<b>Total Expenses</b>	<b>\$ 328,821</b>	<b>\$ 56,588</b>	<b>\$ 385,409</b>
	-----	-----	-----
<b>Increase (decrease) in net assets</b>	<b>\$ 66,029</b>	<b>\$ 13,174</b>	<b>\$ 79,203</b>
Net assets, beginning, as restated	882,167	193,022	1,075,189
	-----	-----	-----
<b>Net Assets, Ending</b>	<b>\$ 948,196</b>	<b>\$ 206,196</b>	<b>\$ 1,154,392</b>
	=====	=====	=====

The Township's total revenues were \$464,612. The total cost of all programs and services was \$385,409, leaving an increase in net assets of \$79,203. My analysis below separately considers the operation of governmental activities:

**GOVERNMENTAL ACTIVITIES**

The net assets of the Township's governmental activities increased \$66,029 and the net assets of the Township's business type activities increased \$13,174 for the year ended March 31, 2005.

The \$66,029 increase is made up of \$86,599 of net profit from governmental funds discussed later, less depreciation expense of \$20,570.

**THE TOWNSHIP'S FUNDS**

As the Township completed the year, its governmental funds (as presented in the balance sheet on page 13) reported a combined fund balance of \$607,685 which is a \$63,549 decrease from the beginning of the year.

The main reason that there was a decrease from the beginning of the year was due to excess expenditures in the general fund in the amount of \$42,963 and in the special revenue funds in the amount of \$20,586.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the Township Board reviewed and amended the originally adopted budget a few times.

The amended budget included a projected deficit for the year in the amount of \$82,518 compared to the \$42,963 actually incurred. Actual revenues were \$20,145 greater than anticipated and charges to expenditures were \$19,410 less than the final amended budget.

Of the reduction of \$19,410 in budgeted expenditures, \$8,883 was for repair and maintenance budgeted as part of the Township Hall expenses; \$7,300 in the reduced costs of the Planning Board; and a reduction of \$ 4,652 for budgeted repair and maintenance as part of the Culture and Recreation expenses.

Of the increase of \$20,145 in budgeted revenues, \$12,155 was from the budgeted amounts for tax collections and \$10,479 was from miscellaneous other receipts.

**CAPITAL ASSET AND DEBT ADMINISTRATION****CAPITAL ASSETS**

As of March 31, 2005, the Township had \$1,104,338 invested in a variety of capital assets including construction in progress, land, building and improvements, equipment and vehicles as are detailed in Table 3 below:

**Table 3 - Capital Assets at March 31, 2005 (Net of Depreciation)**

	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>
Construction in Progress	\$ 308,750	\$ -	\$ 308,750
Land, Buildings and Improvements	434,085	287,979	722,064
Equipment	53,922	-	53,922
Vehicles	19,602	-	19,602
	-----	-----	-----
	\$ 816,359	\$ 287,979	\$ 1,104,338
	=====	=====	=====

The Township had additions to fixed assets during the current year in the amount of \$639,213. Depreciation expense for the year was \$20,570 in the governmental funds and \$17,561 in the business type activities.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**

**DEBT**

At March 31, 2005, the Township had \$596,500 in bonds and loans outstanding as detailed in Note D to the financial statements.

**ECONOMIC FACTORS FOR NEXT YEAR'S BUDGET**

In preparing the Townships budget for the year ended March 31, 2006, we looked at the past year's budget as well as the last two complete years' actual revenues and expenditures and prepared our budget from these documents, with increases and decreases where necessary.

**CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Township of Powell; 101 Benzinger Street; Big Bay, Michigan 49808.

TOWNSHIP OF POWELL  
STATEMENT OF NET ASSETS  
March 31, 2005

	Governmental Activities	Business Type Activities	Total
	-----	-----	-----
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 290,469	\$ 74,888	\$ 365,357
Investments	274,881	-	274,881
Receivables (net)	23,987	5,242	29,229
	-----	-----	-----
TOTAL CURRENT ASSETS	\$ 589,337	\$ 80,130	\$ 669,467
Non-current assets:			
Land, buildings & equipment	\$ 691,040	\$ 564,294	\$ 1,255,334
Construction in progress	308,750	-	308,750
Accumulated depreciation	( 183,431)	( 276,315)	( 459,746)
	-----	-----	-----
TOTAL NON-CURRENT ASSETS	\$ 816,359	\$ 287,979	\$ 1,104,338
	-----	-----	-----
TOTAL ASSETS	\$ 1,405,696	\$ 368,109	\$ 1,773,805
	-----	-----	-----
LIABILITIES			
Current Liabilities:			
Due to other funds	\$ -	\$ 19,496	\$ 19,496
Others	-	3,417	3,417
	-----	-----	-----
TOTAL CURRENT LIABILITIES	\$ -	\$ 22,913	\$ 22,913
LONG-TERM DEBT	457,500	139,000	596,500
	-----	-----	-----
TOTAL LIABILITIES	\$ 457,500	\$ 161,913	\$ 619,413
	-----	-----	-----
NET ASSETS			
Invested in capital assets			
net of related debt	\$ 358,859	\$ 148,979	\$ 507,838
Restricted	167,314	27,126	194,440
Unrestricted	422,023	30,091	452,114
	-----	-----	-----
TOTAL NET ASSETS	\$ 948,196	\$ 206,196	\$ 1,154,392
	=====	=====	=====

The accompanying notes are an integral part of these statements.

TOWNSHIP OF POWELL

STATEMENT OF ACTIVITIES

For the Year ended March 31, 2005

Function/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					Primary Government
Governmental Activities:					Governmental Activities
Legislative	\$ 82,903	\$ 1,951	\$ -	\$ -	\$ 80,952
Elections	5,657	-	-	-	5,657
General services and administration	67,245	10,579	-	-	56,666
Public Safety	48,132	1,125	-	-	47,007
Public Works	6,307	1,000	-	-	5,307
Community and economic development	8,755	-	-	-	8,755
Culture and recreation	15,476	-	-	-	15,476
Other	6,539	-	-	-	6,539
Total Governmental Activities	\$ 241,014	\$ 14,655	\$ -	\$ -	\$ 226,359
Outgoing transfers	60,000	-	-	-	60,000
TOTAL PRIMARY GOVERNMENT	\$ 301,014	\$ 14,655	\$ -	\$ -	\$ 286,359
General Revenues:					
Taxes					\$ 182,155
Intergovernmental					49,251
Other					10,684
TOTAL GENERAL REVENUES					\$ 242,090
CHANGE IN NET ASSETS \$( 44,269)					
Net assets, beginning of year					484,640
NET ASSETS, END OF YEAR					\$ 440,371

The accompanying notes are an integral part of these financial statements.

## TOWNSHIP OF POWELL

## GOVERNMENTAL FUNDS

## BALANCE SHEET

March 31, 2005

	General Fund	Special Revenue Funds	Total Governmental Funds
	-----	-----	-----
<b>ASSETS</b>			
Cash and cash equivalents	\$ 141,503	\$ 148,966	\$ 290,469
Investments	274,881	-	274,881
Receivables	22,585	-	22,585
Due from other funds	19,750	18,348	38,098
	-----	-----	-----
<b>TOTAL ASSETS</b>	<b>\$ 458,719</b>	<b>\$ 167,314</b>	<b>626,033</b>
	=====	=====	=====
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	18,348	-	18,348
	-----	-----	-----
<b>TOTAL LIABILITIES</b>	<b>\$ 18,348</b>	<b>\$ -</b>	<b>\$ 18,348</b>
<b>FUND BALANCE:</b>			
General Fund	\$ 440,371	\$ -	\$ 440,371
Special Revenue Funds	-	167,314	167,314
	-----	-----	-----
<b>TOTAL FUND BALANCE</b>	<b>\$ 440,371</b>	<b>\$ 167,314</b>	<b>\$ 607,685</b>
	-----	-----	-----
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 458,719</b>	<b>\$ 167,314</b>	<b>\$ 626,033</b>
	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF POWELL

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS

March 31, 2005

Total Net Assets for Governmental Funds \$ 1,154,392

Amounts reported for governmental activities in the statement  
of net assets are different because:

Capital assets used in governmental activities are not  
financial resources and therefore are not reported in  
the funds

546,707  
-----

**TOTAL FUND BALANCES** \$ 607,685  
=====

The accompanying notes are an integral part of these financial statements.

## TOWNSHIP OF POWELL

## GOVERNMENTAL FUNDS

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Year ended March 31, 2005

	General Fund	Special Revenue Fund	Total Governmental Funds
	-----	-----	-----
Revenues:			
Taxes	\$ 182,155	\$ 91,778	\$ 273,933
Intergovernmental	49,251	-	49,251
Other	25,339	46,327	71,666
	-----	-----	-----
TOTAL REVENUES	\$ 256,745	\$ 138,105	\$ 394,850
Incoming Transfers	-	60,000	60,000
	-----	-----	-----
TOTAL REVENUES AND INCOMING TRANSFERS	\$ 256,745	\$ 198,105	\$ 454,850
Expenditures:			
Township board	\$ 68,276	\$ -	\$ 68,276
Supervisor	11,352	-	11,352
Election expense	5,657	-	5,657
Assessor	28,472	-	28,472
Clerk	11,598	-	11,598
Treasurer	11,181	-	11,181
First responder group	21,313	7,792	29,105
Fire protection	22,897	4,229	27,126
Sanitation	-	42,364	42,364
Cemetery	2,027	-	2,027
Planning and zoning	8,718	-	8,718
Highways and streets	6,307	-	6,307
Culture and recreation	14,801	32,874	47,675
Depreciation expense	20,570	-	20,570
Other	6,539	548	7,087
	-----	-----	-----
TOTAL EXPENDITURES	\$ 239,708	\$ 87,807	\$ 327,515
Outgoing transfers	60,000	-	60,000
	-----	-----	-----
TOTAL EXPENDITURES AND OUTGOING TRANSFERS	\$ 299,708	\$ 87,807	\$ 387,515
EXCESS REVENUES, TRANSFERS AND (EXPENDITURES)	\$ ( 42,963)	\$ 110,298	\$ 67,335
Fund balance at beginning of year	483,334	57,016	540,350
	-----	-----	-----
FUND BALANCE AT END OF YEAR	\$ 440,371	\$ 167,314	\$ 607 685
	=====	=====	=====

The accompanying notes are an integral part of these financial statements.



TOWNSHIP OF POWELL

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended March 31, 2005

Net Change in Fund Balances - Total Governmental Funds \$ 45,575

Amounts reported for governmental activities in the statement  
of activities are different because:

Governmental funds report capital outlays such as expenditures.  
However, in the statement of activities, the cost of those  
assets is allocated over their estimated useful lives as  
depreciation expense. This is the amount by which capital  
outlays exceeded depreciation in the current period.

Capital outlays	\$( 21,876)	
Depreciation expense	20,570	( 1,306)
	-----	-----

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 44,269  
=====

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF POWELL  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS

March 31, 2005

	Trust and Agency	Current Tax Collection Account	Total
	-----	-----	-----
ASSETS			
Cash and cash equivalents	\$ 254	\$ -	\$ 254
	-----	-----	-----
TOTAL ASSETS	\$ 254	\$ -	\$ 254
	=====	=====	=====
LIABILITIES			
Due to general fund	\$ 254	\$ -	\$ 254
	-----	-----	-----
TOTAL LIABILITIES	\$ 254	\$ -	\$ 254
	=====	=====	=====

The accompanying notes are an intergral part of these financial statements.

TOWNSHIP OF POWELL

NOTES TO FINANCIAL STATEMENTS

March 31, 2005

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of the more significant accounting policies of the Township of Powell:

**1. Financial Reporting Entity**

In accordance with the provisions of the Governmental Accounting Standards Board Statement No. 14 entitled "The Financial Reporting Entity" a governmental financial reporting entity consists of a primary government, such as a general purpose local government, and component units, which are defined as units for which the primary government is financially accountable. The primary government is financially accountable if it appoints a voting majority of a component's governing body, and there is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

As required by generally accepted accounting principles, the financial statements of the reporting entity includes those of the Township of Powell (the primary government). However, there are no units which qualify as component units as defined above.

**2. Fund Accounting**

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The various funds are grouped, in the financial statements in this report, as follows:

**Governmental Funds:**

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

**Proprietary Funds:**

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### **Fiduciary Funds:**

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the Township as an agent for other governmental units and other funds. These agency funds are custodial in nature and do not involve measurement of results of operations.

### **Account Groups:**

General Fixed Asset Account Group - This account group presents the fixed assets of the local unit utilized in its general operations.

General Long-Term Debt Account Group - This account group presents the balance of general obligation long-term debt which is not recorded in proprietary funds.

### **3. Measurement Focus**

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. No depreciation has been provided on general fixed assets.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activities are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary funds balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. Fixed assets and their related accumulated depreciation, by major classification are as follows:

	Cost	Accumulated Depr.	Current Depr.	Estimated Lives
	-----	-----	-----	-----
Water distribution system	\$ 509,675	\$ 250,030	\$ 16,196	10-40 years
Sewer utility system	54,619	26,285	1,365	40 years

### 4. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Agency Funds are accounted for using the cash basis of accounting. Since Agency Funds do not involve measurement of results of operations, there are no revenue or expenditure accounts.

### 5. Budgets and Budgetary Accounting

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. In February, the Township Supervisor submits to the Township Board, a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
- b. A public hearing is conducted to obtain taxpayer comments.
- c. Prior to April 1, the budget is legally enacted by resolution.
- d. Any revision that alters the original budget of any fund must be approved by the Township Board.
- e. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
- f. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles.
- g. Budget appropriations lapse at the end of each fiscal year.
- h. Budgeted amounts are stated as originally adopted or as amended by the Township Board.

# **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

## 6. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the governmental unit.

Investments are stated at cost or amortized cost.

## 7. Inventory

Inventories are not significant and have not been recognized in any of the funds.

## 8. Due from Other Funds

Due from other funds represent current interfund loans receivable and are considered "available spendable resources."

## 9. Total Columns on Combined Statements

Total columns on the Combined Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

## **NOTE B - CASH AND INVESTMENTS**

The captions on the combined balance sheet relating to cash and investments and the amounts in the total "Memorandum Only" are as follows:

Total (Memorandum Only)	
Cash in bank	\$ 338,231
Investments	274,881
Restricted assets	27,126
	-----
Total	\$ 640,238
	=====
A summary of deposits by type are:	
Cash in demand accounts	\$ 267,364
Cash in savings accounts	76,273
Certificates of deposit	296,601
	-----
Total	\$ 640,238
	=====

These deposits are in three financial institutions located in the County of Marquette in varying amounts. All accounts are in the name of the Township and a specific fund or common account. They are recorded in Township records at cost. Interest is recorded when the deposits mature or is credited to the applicable account.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Statutory Authority

Act 217, PA 1982, authorizes the Township to deposit and invest in:

- (a) bonds and other direct obligations of the United States or its agencies
- (b) certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the national credit union administration that are eligible to be depository of surplus money belonging to the State under Section 5 or 6 of Act 105, PA 1855, as amended (MCL 21.145 and 21.146)
- (c) commercial paper rated at time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase and not more than 50 percent of any fund may be invested in commercial paper at any time
- (d) United States government or federal agency obligation repurchase agreements
- (e) banker's acceptance of United States banks
- (f) mutual funds composed of investments which are legal for direct investments by local units of government in Michigan

The Township's investments are in accordance with statutory authority.

Michigan law (Section 3, Act 40, PA 1932, as amended) prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

At year end, the Township's cash and cash equivalents bank balance was \$640,238 of which \$435,499 was insured by the Federal Deposit Insurance Corporation (FDIC) Regulation number 330.8. The remaining balance of \$204,739 was uninsured and uncollateralized. This regulation in summary provides that deposits of a governmental unit are insured for the lesser of the amount of the combined deposit or \$100,000 demand deposits and \$100,000 timed deposits in every financial institution that is not a branch location that is a member of the FDIC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Investments**

Investments made by the Township are summarized below. The investments that are represented by specific identifiable investments securities are classified as to credit risk within the following two categories:

Category 1: Insured or registered, or securities held by the Township or its agent in the Township's name.

Category 2: Uninsured and unregistered with securities held by the counterparty's trust department or agent in the Township's name.

Investment Type	Risk Category		Carrying Value	Market Value
	1	2		
Governmental Funds:				
Certificates of Deposit	\$ 274,881	\$ -	\$ 274,881	\$ 274,881
Total Investments	\$ 274,881	\$ -	\$ 274,881	\$ 274,881

**NOTE C - CHANGES IN GENERAL FIXED ASSETS**

A summary of changes in general fixed assets is as follows:

	Balance April 1, 2004	Additions	Deductions	Balance March 31, 2005
Construction in Progress	\$ -	\$ 308,750	\$ -	\$ 308,750
Land, Buildings and improvements	775,795	316,627	-	1,092,422
Equipment	91,799	13,835	6,921	98,713
Vehicles	64,199	-	-	64,199
	\$367,500	\$ 639,212	\$ 6,921	\$ 1,564,084
Less Accumulated Depreciation				459,746
<b>BOOK VALUE OF FIXED ASSETS</b>				<b>\$ 1,104,338</b>



# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

## **NOTE D - CHANGES IN LONG-TERM DEBT**

Long-term debt at March 31, 2005 consisted of:

	Balance April 1, 2004	Additions	Deductions	Balance March 31, 2005
	-----	-----	-----	-----
Water Supply System - Revenue Bonds	\$ 143,000	\$ -	\$ 4,000	\$ 139,000
Sewer Disposal System - Revenue Bonds	-	284,000	2,500	281,500
E.M.S. Building Bank Loan	-	220,000	44,000	176,000
	-----	-----	-----	-----
Totals	\$ 143,000	\$ 504,000	\$ 50,500	\$ 596,500
	=====	=====	=====	=====

## **NOTE E - WATER SYSTEM REVENUE BONDS**

The Township adopted Ordinance No. 4 effective May 1, 1984 authorizing the issuance of water supply system revenue bonds. The original amount of the revenue bonds was \$ 175,000. The unpaid balance, paying interest at 7.75% per annum and maturing on June 1 of each year, is payable as follows:

\$ 4,000	2004 through 2005, inclusive	\$ 8,000
5,000	2007 through 2009, inclusive	15,000
6,000	2010 and 2011	12,000
7,000	2012 and 2013	14,000
8,000	2014 and 2015	16,000
9,000	2016 and 2017	18,000
10,000	2018	10,000
11,000	2019	11,000
10,000	2020 and 2021	20,000
5,000	2022 through 2024, inclusive	15,000
		-----
		\$ 139,000
Less current maturities		4,000
		-----
	TOTAL WATER FUND LONG-TERM DEBT	\$ 135,000
		=====

## **NOTE F - LONG-TERM CONTRACTS PAYABLE**

The Township enters into contracts for road reconstruction with the Marquette County Road Commission. Terms of the contracts call for the Marquette County Road Commission to upgrade specified county roads with the Township paying a percentage of the actual costs over a three year period. There were no active contracts at March 31, 2005.

The Township budgets for these payments annually and records them as an expenditure in the year paid.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**NOTE G - PROPERTY TAXES**

Property taxes are levied on December 1. The Township collects its own property taxes until mid February at which time collection is turned over to Marquette County.

The tax rates to finance general government services for the year ended March 31, 2005 were as follows

\$3.4077 per each \$ 1,000 of taxable valuation for general operating which computed to \$156,007 on the present taxable valuation of \$45,782,839.

\$.9439 per each \$ 1,000 of taxable valuation for the construction of an E.M.S. Building which computed to \$43,207 on the present taxable valuation of \$45,782,839.

\$1.000 per each \$ 1,000 of taxable valuation for the operation of the sanitation department which computed to \$45,776 on the present taxable valuation of \$45,782,839.

**NOTE H - RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains insurance coverage through the Michigan Township Participating Plan which covers each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this coverage in any of the past three years.

**NOTE I - SEWER COLLECTION SYSTEM**

The Township is in the beginning stages of the construction a sewer collection system. The actual construction is anticipated to start during the spring of 2004 with completion during the fall of 2005. The total cost of the project is estimated at \$ 1,135,000 of which \$ 851,000 would be a grant from the U.S. Department of Agriculture - Rural Development and \$ 284,000 would be a loan which is to be paid over a forty year period at a 4.50% interest rate.

The Township has incurred cost of \$308,750 through March 31, 2005 which are reported as construction in progress until the completion of the project.

POWELL TOWNSHIP - GENERAL FUND  
STATEMENT OF BUDGETED AND ACTUAL REVENUES  
For the Year Ended March 31, 2005

	<u>Budgeted</u>	<u>Actual</u>	Variance (Favorable) <u>Unfavorable</u>
Taxes:			
Property taxes	\$145,000	\$158,082	\$ ( 13,082)
Administrative fees	14,000	3,579	10,421
Tax on State Land	1,000	2,068	( 1,068)
Commercial forest	10,000	18,426	( 8,426)
TOTAL TAXES	<u>\$170,000</u>	<u>\$182,155</u>	<u>\$ ( 12,155)</u>
Intergovernmental:			
State shared receipts:			
Sales tax	\$ 50,000	\$ 48,321	\$ 1,679
U.S. Government -			
Refuge reimbursement	-	930	( 930)
TOTAL INTERGOVERNMENTAL	<u>\$ 50,000</u>	<u>\$ 49,251</u>	<u>\$ 749</u>
Miscellaneous:			
Interest income	\$ 6,000	\$ 10,684	\$ ( 4,684)
Ambulance service	7,500	1,125	6,375
Zoning charges	2,000	1,951	49
Sale of cemetery lots	1,000	1,000	-
Other	100	10,579	( 10,479)
TOTAL MISCELLANEOUS	<u>\$ 16,600</u>	<u>\$ 25,339</u>	<u>\$ ( 8,739)</u>
TOTAL REVENUES	<u>\$236,600</u>	<u>\$256,745</u>	<u>\$ ( 20,145)</u>

POWELL TOWNSHIP - GENERAL FUND

STATEMENT OF BUDGETED AND ACTUAL EXPENDITURES

For the Year Ended March 31, 2005

	<u>Budgeted</u>	<u>Actual</u>	Variance (Favorable) <u>Unfavorable</u>
GENERAL GOVERNMENT			
Township board:			
Salaries	\$ 3,000	\$ 2,150	\$ 850
Miscellaneous	2,400	918	1,482
TOTAL TOWNSHIP BOARD	<u>\$ 5,400</u>	<u>\$ 3,068</u>	<u>\$ 2,332</u>
Supervisor:			
Salaries and wages:			
Supervisor	\$ 8,100	\$ 8,203	\$ ( 103)
Deputy supervisor	500	591	( 91)
Operating supplies	500	200	300
Transportation	750	357	393
Miscellaneous	1,900	2,001	( 101)
TOTAL SUPERVISOR	<u>\$ 11,750</u>	<u>\$ 11,352</u>	<u>\$ 398</u>
Clerk:			
Salaries and wages:			
Clerk	\$ 8,400	\$ 8,400	\$ -
Deputy clerk	1,500	1,325	175
Operating supplies	700	341	359
Transportation	400	255	145
Miscellaneous	1,300	1,277	23
TOTAL CLERK	<u>\$ 12,300</u>	<u>\$ 11,598</u>	<u>\$ 702</u>
Treasurer:			
Salaries and wages:			
Treasurer	\$ 6,900	\$ 7,056	\$ ( 156)
Deputy treasurer	2,000	2,182	( 182)
Operating supplies	500	299	201
Transportation	700	569	131
Miscellaneous	900	1,075	( 175)
TOTAL TREASURER	<u>\$ 11,000</u>	<u>\$ 11,181</u>	<u>\$ ( 181)</u>
Assessor:			
Salaries and wages	\$ 15,000	\$ 15,000	\$ -
Board of review	600	619	( 19)
Tax roll preparation	9,000	11,645	( 2,645)
Operating supplies	300	293	7
Miscellaneous	800	915	( 115)
TOTAL ASSESSOR	<u>\$ 25,700</u>	<u>\$ 28,472</u>	<u>\$ ( 2,772)</u>

POWELL TOWNSHIP - GENERAL FUND

STATEMENT OF BUDGETED AND ACTUAL EXPENDITURES (CONTINUED)

For the Year Ended March 31, 2005

	<u>Budgeted</u>	<u>Actual</u>	Variance (Favorable) <u>Unfavorable</u>
GENERAL GOVERNMENT (CONTINUED)			
Township hall:			
Salaries and wages	\$ 22,000	\$ 19,157	\$ 2,843
Employee benefits	7,000	6,946	54
Operating supplies	3,000	1,587	1,413
Heat	6,000	5,765	235
Electricity and water	6,000	5,850	150
Communications	4,000	3,946	54
Repair and maintenance	10,000	1,117	8,883
Garbage	1,000	2,898	( 1,898)
Training	1,000	888	112
Printing and publishing	1,000	518	482
Postage	1,200	832	368
Dues and subscriptions	1,500	1,185	315
Vehicle expenses	2,000	2,116	( 116)
Insurance	8,000	6,189	1,811
Legal and audit fees	10,000	5,618	4,382
Miscellaneous	5,500	596	4,904
TOTAL TOWNSHIP HALL	\$ 89,200	\$ 65,208	\$ 23,992
Election expense:			
Salaries and wages	\$ 1,000	\$ 3,097	\$ ( 2,097)
Operating supplies	200	1,353	( 1,153)
Printing and publishing	1,000	649	351
Miscellaneous	300	558	( 258)
TOTAL ELECTION EXPENSE	\$ 2,500	\$ 5,657	\$ ( 3,157)
Planning board:			
Salaries and wages	\$ 5,318	\$ 4,319	\$ 999
Printing and publishing	3,000	969	2,031
Operating supplies	500	-	500
Professional fees	5,000	2,024	2,976
Miscellaneous	2,200	1,406	794
TOTAL PLANNING BOARD	\$ 16,018	\$ 8,718	\$ 7,300
Cemetery:			
Salaries and wages	\$ 2,000	\$ 1,607	\$ 393
Repair and maintenance	5,000	80	4,920
Operating supplies	300	-	300
Professional fees	1,000	-	1,000
Miscellaneous	750	340	410
TOTAL CEMETERY	\$ 9,050	\$ 2,027	\$ 7,023

POWELL TOWNSHIP - GENERAL FUND

STATEMENT OF BUDGETED AND ACTUAL EXPENDITURES (CONTINUED)

For the Year Ended March 31, 2005

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance (Favorable) Unfavorable</u>
GENERAL GOVERNMENT (CONTINUED)			
Other:			
Payroll taxes	\$ 19,500	\$ 6,514	\$ 12,986
Other	-	25	( 25)
TOTAL OTHER	\$ 19,500	\$ 6,539	\$ 12,961
TOTAL GENERAL GOVERNMENT	<u>\$202,418</u>	<u>\$153,820</u>	<u>\$ 48,598</u>
PUBLIC SAFETY			
Fire Protection:			
Salaries and wages	\$ 3,500	\$ 3,299	\$ 201
Utilities	4,100	4,927	( 827)
Gas, oil, etc.	1,000	1,365	( 365)
Repair and maintenance	4,000	1,398	2,602
Operating supplies	500	406	94
Communications	2,000	1,003	997
Insurance	7,000	9,231	( 2,231)
Professional services	1,000	-	1,000
Miscellaneous	1,800	1,268	532
TOTAL PUBLIC SAFETY	<u>\$ 24,900</u>	<u>\$ 22,897</u>	<u>\$ 2,003</u>
HIGHWAYS AND STREETS			
Street lighting:			
Utilities	\$ 4,500	\$ 4,837	\$ ( 337)
Contracted services:			
Road improvements	3,000	1,470	1,530
TOTAL HIGHWAYS AND STREETS	<u>\$ 7,500</u>	<u>\$ 6,307</u>	<u>\$ 1,193</u>

POWELL TOWNSHIP - GENERAL FUND

STATEMENT OF BUDGETED AND ACTUAL EXPENDITURES (CONTINUED)

For the Year Ended March 31, 2005

	<u>Budgeted</u>	<u>Actual</u>	Variance (Favorable) <u>Unfavorable</u>
HEALTH			
Ambulance service:			
Salaries and wages	\$ 6,700	\$ 6,218	\$ 482
Operating supplies	2,000	1,903	97
Utilities	2,400	2,828	( 428)
Travel and vehicle expense	1,000	873	127
Repair and maintenance	2,000	1,567	433
Insurance	3,500	2,804	696
Communications	1,500	1,324	176
Training	3,500	3,796	( 296)
Professional services	1,000	-	1,000
Miscellaneous	300	-	300
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL HEALTH	\$ 23,900	\$ 21,313	\$ 2,587
	<u>          </u>	<u>          </u>	<u>          </u>
CULTURE AND RECREATION			
Parks and recreation:			
Salaries and wages	\$ 4,150	\$ 3,027	\$ 1,123
Operating supplies	300	-	300
Insurance	500	54	446
Utilities	750	872	( 122)
Repair and maintenance	15,500	10,848	4,652
Miscellaneous	500	-	500
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL CULTURE AND RECREATION	\$ 21,700	\$ 14,801	\$ 6,899
	<u>          </u>	<u>          </u>	<u>          </u>
PROVISION FOR DEPRECIATION	\$ 38,700	\$ 20,570	\$ 18,130
	<u>          </u>	<u>          </u>	<u>          </u>
OUTGOING TRANSFERS	\$ -	\$ 60,000	\$ ( 60,000)
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL EXPENDITURES	\$319,118	\$299,708	\$ 19,410
	<u>          </u>	<u>          </u>	<u>          </u>

## TOWNSHIP OF POWELL

## SPECIAL REVENUE FUNDS

## BALANCE SHEET

March 31, 2005

	Sewer Construc- tion Fund	E.M.S. Building Fund	Sanita- tion Fund	Other	Total
	-----	-----	-----	-----	-----
ASSETS					
-----					
Cash on hand and in banks	\$ 22	\$ 42,030	\$ 75,677	\$ 31,237	\$ 148,966
Due from other funds:					
General fund	-	9,010	9,338	-	18,348
Fixed assets - net of accumulated depreciation	308,750	304,729	-	-	613,479
	-----	-----	-----	-----	-----
TOTAL ASSETS	\$ 308,772	\$ 355,769	\$ 85,015	\$ 31,237	\$ 780,793
	=====	=====	=====	=====	=====
LIABILITIES AND FUND BALANCE					
-----					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term debt	281,500	176,000	-	-	457,500
	-----	-----	-----	-----	-----
TOTAL LIABILITIES	\$ 281,500	\$ 176,000	\$ ,	\$ -	\$ 457,500
Fund balance:					
Unreserved	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved	27,272	179,769	85,015	31,237	323,293
	-----	-----	-----	-----	-----
TOTAL FUND BALANCE	\$ 27,272	\$ 179,769	\$ 85,015	\$ 31,237	\$ 323,293
	-----	-----	-----	-----	-----
TOTAL LIABILITIES AND FUND BALANCE	\$ 308,772	\$ 355,769	\$ 85,015	\$ 31,237	\$ 780,793
	=====	=====	=====	=====	=====



## TOWNSHIP OF POWELL

## SPECIAL REVENUE FUNDS

## STATEMENT OF INCOME, EXPENSES, AND CHANGES IN FUND BALANCES

Year ended March 31, 2005

	Sewer Construc- tion Fund	E.M.S. Building Fund	Sanita- tion Fund	Other	Total
	-----	-----	-----	-----	-----
REVENUE					
Current tax collections	\$ -	\$ 44,564	\$ 47,214	\$ -	\$ 91,778
Interest on investments	116	430	-	285	831
Miscellaneous	-	-	-	45,496	45,496
	-----	-----	-----	-----	-----
TOTAL REVENUE	\$ 116	\$ 44,994	\$ 47,214	\$ 45,781	\$ 138,105
INCOMING TRANSFERS	-	60,000	-	-	60,000
	-----	-----	-----	-----	-----
TOTAL REVENUE AND INCOMING TRANSFERS	\$ 116	\$ 104,994	\$ 47,214	\$ 45,781	\$ 198,105
EXPENSES					
Public safety	\$ -	\$ 7,792	\$ -	\$ 4,229	\$ 12,021
Sanitation	-	-	42,364	-	42,364
Health	-	-	-	548	548
Culture and recreation	-	-	-	32,874	32,874
	-----	-----	-----	-----	-----
TOTAL EXPENSES	\$ -	\$ 7,792	\$ 42,364	\$ 37,651	\$ 87,807
	-----	-----	-----	-----	-----
NET INCOME (LOSS)	\$ 116	\$ 97,202	\$ 4,850	\$ 8,130	\$ 110,298
Fund balance at April 1, 2004	27,156	82,567	80,165	23,107	212,995
	-----	-----	-----	-----	-----
FUND BALANCE AT MARCH 31, 2005	\$ 27,272	\$ 179,769	\$ 85,015	\$ 31,237	\$ 323,293
	=====	=====	=====	=====	=====

TOWNSHIP OF POWELL  
COMBINING BALANCE SHEET - ENTERPRISE FUNDS

March 31, 2005

	Water Fund	Sewer Fund	Totals
	-----	-----	-----
ASSETS			
CURRENT ASSETS			
Cash:			
Operation and maintenance account	\$ 13,218	\$ 33,912	\$ 47,130
Improvement fund	131	501	632
	-----	-----	-----
TOTAL CASH	\$ 13,349	\$ 34,413	\$ 47,762
Accounts receivable	3,453	1,789	5,242
	-----	-----	-----
TOTAL CURRENT ASSETS	\$ 16,802	\$ 36,202	\$ 53,004
RESTRICTED ASSETS			
Bond reserve account	\$ 13,648	\$ 400	\$ 14,048
Bond and interest redemption account	8,072	5,006	13,078
	-----	-----	-----
TOTAL RESTRICTED ASSETS	\$ 21,720	\$ 5,406	\$ 27,126
UTILITY PLANT - on the basis of cost			
Distribution system	\$509,675	\$ 54,619	\$564,294
Less accumulated depreciation	250,030	26,285	276,315
	-----	-----	-----
BOOK VALUE OF UTILITY PLANT	\$259,645	\$ 28,334	\$287,979
	-----	-----	-----
TOTAL ASSETS	\$298,167	\$ 69,942	\$368,109
	=====	=====	=====
LIABILITIES AND FUND EQUITY			
CURRENT LIABILITIES			
Payable from current assets:			
Accounts payable	\$ -	\$ -	\$ -
Due to general fund	19,026	470	19,496
Current portion of long-term debt	4,000	-	4,000
Accrued revenue bond interest	3,417	-	3,417
	-----	-----	-----
TOTAL CURRENT LIABILITIES	\$ 26,443	\$ 470	\$ 26,913
LONG-TERM LIABILITIES	135,000	-	135,000
FUND EQUITY			
Contributed capital	\$196,300	\$ 27,000	\$223,300
Retained earnings:			
Reserved	21,720	5,406	27,126
Unreserved	(81,296)	37,066	( 44,230)
	-----	-----	-----
TOTAL FUND EQUITY	\$136,724	\$ 69,472	\$206,196
	-----	-----	-----
TOTAL LIABILITIES AND FUND EQUITY	\$298,167	\$ 69,942	\$368,109
	=====	=====	=====

## TOWNSHIP OF POWELL

## COMBINING STATEMENT OF INCOME, EXPENSES AND CHANGES IN FUND BALANCES

## ENTERPRISE FUNDS

Year ended March 31, 2005

	Water Fund	Sewer Fund	Totals
	-----	-----	-----
Operating - income:			
Charges for services	\$ 41,931	\$ 19,352	\$ 61,283
Other income	-	7,997	7,997
	-----	-----	-----
TOTAL OPERATING INCOME	\$ 41,931	\$ 27,349	\$ 69,280
Operating expenses:			
Salaries and wages	\$ 7,191	\$ 1,389	\$ 8,580
Utilities	2,950	-	2,950
Professional fees	442	1,236	1,678
Operating supplies	544	268	812
Repair and maintenance	1,875	-	1,875
Dues and subscriptions	175	-	175
Insurance	3,874	1,777	5,651
Provision for depreciation	16,196	1,365	17,561
Other operating expenses	1,810	995	2,805
	-----	-----	-----
TOTAL OPERATING EXPENSES	\$ 35,057	\$ 7,030	\$ 42,087
	-----	-----	-----
OPERATING PROFIT (LOSS)	\$ 6,874	\$ 20,319	\$ 27,193
Other income (expense):			
Interest income	\$ 149	\$ 333	\$ 482
Interest expense	( 10,301)	( 4,200)	( 14,501)
	-----	-----	-----
TOTAL OTHER INCOME (EXPENSE)	\$ ( 10,152)	\$ ( 3,867)	\$ ( 14,019)
	-----	-----	-----
NET INCOME (LOSS)	\$ ( 3,278)	\$ 16,452	\$ 13,174
Fund balance at April 1, 2004	140,002	53,020	193,022
	-----	-----	-----
FUND BALANCE AT MARCH 31, 2005	\$ 136,724	\$ 69,472	\$ 206,196
	=====	=====	=====

TOWNSHIP OF POWELL

COMBINING STATEMENT OF ASSETS AND LIABILITIES -

ALL FIDUCIARY FUNDS

March 31, 2005

	Agency Funds		
	Current Tax Collection	Trust and Agency	Totals
ASSETS			
Cash - demand deposits	\$ -	\$ 254	\$ 254
TOTAL ASSETS	\$ -	\$ 254	\$ 254
LIABILITIES			
Due to other funds	\$ -	\$ 254	\$ 254
Due to other governmental units	-	-	-
TOTAL LIABILITIES	\$ -	\$ 254	\$ 254

## TOWNSHIP OF POWELL

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
ALL AGENCY FUNDS

Year ended March 31, 2005

	Balance at 4-1-04	Additions	Deductions	Balance at 3-31-05
	-----	-----	-----	-----
CURRENT TAX COLLECTION FUND				
-----				
ASSETS				
Cash	\$ 94,886	\$1,528,751	\$1,623,637	\$ -
	=====	=====	=====	=====
LIABILITIES				
Due to				
other funds	\$ 54,889	\$ 246,704	\$ 301,593	\$ -
Due to State	25,058	285,240	310,298	-
Due to County	10,981	331,942	342,923	-
Due to Schools	3,958	664,865	668,823	-
	-----	-----	-----	-----
TOTAL LIABILITIES	\$ 94,886	\$1,528,751	\$1,623,637	\$ -
	=====	=====	=====	=====

## TRUST AND AGENCY FUND

ASSETS				
Cash	\$ 286	\$ 21,965	\$ 21,997	\$ 254
	=====	=====	=====	=====
LIABILITIES				
Due to				
other funds	\$ 286	\$ -	\$ 32	\$ 254
Accrued and				
withheld				
payroll taxes	-	21,965	21,965	-
	-----	-----	-----	-----
TOTAL LIABILITIES	\$ 286	\$ 21,965	\$ 21,997	\$ 254
	=====	=====	=====	=====

THOMAS R. FLEURY  
Certified Public Accountant

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Ishpeming, Michigan

Member  
American Institute of C.P.A.'s  
Michigan Association of C.P.A.'s

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

November 8, 2005

The Honorable Supervisor and Members  
Township of Powell Board  
Marquette County, Michigan

I have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the TOWNSHIP OF POWELL as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements and have issued my report thereon dated November 8, 2005. I conducted my audit in accordance with auditing standards generally accepted by the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the TOWNSHIP OF POWELL's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements, and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Because of a lack of cooperation and communication among board members, there was a breakdown in the internal control functions rendering them inadequate to be effective.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the TOWNSHIP OF POWELL's financial statements are free of material misstatement, I performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the audit committee, management, Township Board, federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
Certified Public Accountant

## TOWNSHIP OF POWELL

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended March 31, 2005

Federal Grantor -----	Federal CFDA Number -----	Federal Expenditures -----
U.S. Department of Agriculture - Rural Development	10.760	\$ 308,750 -----
Total Expenditures of Federal Awards		\$ 308,750 =====

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the TOWNSHIP OF POWELL and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The amounts reported in this schedule do not differ from amounts presented in, or used in the preparation of, the basic financial statements.

THOMAS R. FLEURY  
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P. O. Box 267  
Ishpeming, Michigan 49849

Member  
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Michigan Association of C.P.A.'s

November 8, 2005

The Honorable Supervisor and  
Members of the Township Board  
Township of Powell  
Big Bay, Michigan 49808

I have audited the financial statements of the Township of Powell for the year ended March 31, 2005 and have issued my report thereon dated November 8, 2005. As part of my audit, I made a study and evaluation of the internal accounting control system to the extent I considered necessary to determine the nature, timing and extent of my auditing procedures. During my evaluation, I observed the following areas that require improvement or change in order to have an effective internal control system.

**POSTING OF PRIOR YEAR AUDIT ENTRIES**

The adjusting entries for the year ended March 31, 2004 had not been posted to the general ledgers for the various funds. Without these entries recorded, the financial information is incomplete, inaccurate and meaningless. Any information provided to the Township Board from these general ledgers cannot be relied on.

**POSTING OF CURRENT TRANSACTIONS**

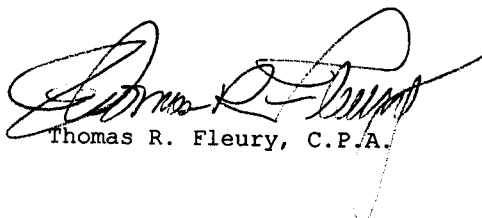
There were numerous transactions that were posted improperly and these entries had a material affect on the budget reports. An example of a incorrect posting can be found in the general fund during May of 2004. A certificate of deposit in the amount of \$64,652.31 was cashed and incorrectly recorded as income. This had the affect of overstating assets and revenues for that amount. Again, any information provided to the Township Board from these general ledgers cannot be relied upon.

A great deal of additional time was required to correct enough of these transactions in order for the general ledgers to present meaningful information and complete an audit report that could be relied upon.

**OTHER RECOMMENDATIONS**

An outside agent should be contracted with, that has a working knowledge of governmental accounting, so that on a monthly basis the entries and reports made available to the Township Board are useful tools in making the decisions necessary to run the Township effectively.

Sincerely,



Thomas R. Fleury, C.P.A.